



PAYDAY LOANS IN LOUISIANA

**WHAT TO EXPECT
WHEN YOU
BORROW
\$350 OR LESS FOR
14 DAYS**

**Louisiana Office of
Financial Institutions**

1-888-525-9414



1. What is a payday loan?

These loans may go by different names such as: cash advance, check advance, deferred deposit check loans, deferred presentment or small loans. A payday loan is a short-term personal loan secured by a borrower's personal check or the borrower's agreement to have the money owed taken out of their bank or credit union account at some future date (usually 14 days after making the loan).

2. What is the most I can borrow?

Under the Louisiana Deferred Presentment and Small Loan Act, the maximum amount that you can borrow is \$350.

3. What is the most I can be charged for a payday loan?

Louisiana law allows a lender to charge \$20 for every \$100 borrowed, plus a \$5 documentation fee. However, the total amount of the fees cannot exceed \$50 when the amount borrowed is \$220 - \$350.

4. Can I renew or refinance my payday loan?

No. You must completely pay off the payday loan before you can make another loan. However, if you pay the fees and repay 25% of the amount you borrowed, you can refinance the remaining 75% of the amount you initially borrowed, but you will be charged additional fees based on the remaining balance owed. For example, if you borrowed \$100 with \$25 in fees and you cannot repay the entire amount on the due date, you can pay the \$25 fees plus an additional \$25 (25% of \$100) for a total of \$50 and refinance \$75 (75% of \$100). The additional fees to refinance the remaining balance of \$75 would be \$20.

5. What happens if I can not repay my payday loan when it is due or pay the 25% plus the fees?

Before the due date on the loan, the lender is required to accept a partial payment of \$50 or more and apply the payment to the outstanding balance on the loan. On or after the due date, the lender can take legal steps to collect the debt.

6. Can a lender charge me more money if I can not repay my payday loan on time?

Yes. The lender may charge you 36% per annum for one year after the due date and 18% per annum thereafter.

7. Can a lender deposit my personal check that they are holding if I do not have enough money in my account to cover the full amount of the check?

Yes. If the lender deposits your check and it is returned unpaid by the bank, the lender can charge you an additional \$25 NSF check fee and is entitled to be reimbursed the fee (usually \$2-\$3) that the lender's bank charges for processing the NSF check.

8. Can I have more than one payday loan outstanding at the same time?

Yes. However, it is not a good idea to make one loan to pay off another and may cause additional financial hardship. If the first loan did not resolve your financial difficulties, a second loan will likely make things more difficult. The more payday loans you have outstanding, the harder it will be to pay them off completely.

WARNING: Payday loans are not intended to meet your long-term financial needs. The long-term use of payday loans may cause financial hardship.